UNIVERSITY of VIRGINIA
INVESTMENT MANAGEMENT COMPANY

Annual Report
June 2009

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LETTER FROM THE CEO

To the Rector and Visitors of the University of Virginia, Foundation Trustees, and other members of the University community:

Over the past year, investment markets were more turbulent than any period within our living memories. Financial wealth destruction exceeded the 1970s stagflation, the market crash of 1987, currency crises of the 1990s, and implosion of the tech stock bubble earlier this decade. To gain perspective, we have been reading histories of past crises with a particular focus on the crash of 1929 and causes of the Great Depression that followed.

Worryingly, we find similarities between the present crisis and the 1930s. Like then, unbalanced global capital flows contributed to excessive leverage and a speculative bubble in financial asset prices, including residential real estate and global equity markets. In both periods, a violent crash in asset prices threatened the solvency of our financial system, dramatically reduced employment, and questioned the legitimacy of our capitalist economic system.

Fortunately, we also find many differences. Whereas the dominant geopolitical challenge in the 1930s was the collapse of the German economy under the weight of reparation payments from World War I, today's dominant challenge is the rapid development of China and India. Employment in our service-oriented economy is less volatile than the manufacturing and agricultural economy of the 1930s. Today, government comprises a much larger share of the economy and moderates the effect of financial volatility on income through counter-cyclical fiscal policy. Finally, and perhaps most importantly, central banks have learned much over the past eight decades and are determined not to repeat the mistakes of the 1930s.

To be sure, financial risks and market volatility remain elevated. The coming year may be more challenging than the last for families, businesses, and governments that must grapple with reduced income and greater needs. At this writing, however, we seem to have averted another depression, and the bottom in asset prices appears to be behind us.

Responding to helpful suggestions from investors, we have refined this year's Annual Report. We describe our long-term investment strategies rather than tactical positions. We explain our private fund commitments and liquidity requirements. Our discussion of performance is less technical and more long-term, and we provide our long-term risk and return expectations. We conclude with a discussion of our culture, philosophy, and organization.

Regards,
Chris Brightman
CEO

STRATEGY

The UVIMCO board has established a traditional policy portfolio benchmark comprised of public market indices. At present, this policy benchmark is 60% equity, 10% real estate, and 30% fixed income. It represents the investable global securities market, and its historical returns closely track the average returns of the broad universe of institutional investors. The board directs us to actively manage the pool, primarily by employing external investment managers, to pursue long-term returns substantially in excess of this passively investable policy benchmark.

We research investment strategies seeking opportunities to employ skilled managers within all asset classes and regions of the world. Some of our managers focus in niches while others have a global reach. Many use leverage and/or sell securities short. Some invest in private markets. While few of these individual investment strategies resemble the market capitalization weighted indices that comprise our policy benchmark, our mix of strategies produces a set of asset class exposures and risk similar to our policy portfolio benchmark.

Public Equity

The objective of our public equity strategy is capital appreciation generated by holding a concentrated set of long-term positions in attractively priced common stocks of high quality businesses. Because we try to achieve returns in excess of market indices, we often invest in less efficient markets. Therefore, our managers often maintain large holdings in smaller companies and in emerging markets. We occasionally pursue niche strategies that sacrifice liquidity, but we try to avoid long lock-ups within public equity. We expect to allocate 15% to 25% of our pool to public equity.

Long/Short Equity

Our objective when investing in long/short equity is high returns through unconstrained security selection. Removing traditional constraints on shorting and leverage often requires fund terms that impose less liquidity, less transparency, and higher fees relative to public equity. We do not accept lower long-term expected returns than those available in liquid public equity, even though we understand that the pattern of returns over multi-year periods will be very different. We expect to allocate 15% to 25% of our pool to long/short equity.

Private Equity

Our private equity strategy is a higher risk, illiquid alternative to public equity. Our objective is to pursue high long-term returns through active value creation at the operating business level. We focus almost exclusively on managers who invest in private businesses too small to be publically traded. We try to avoid public to private buyouts. We expect to allocate 15% to 25% of our pool to private equity.

Real Estate

The objective of our real estate strategy is to generate long-term capital appreciation and provide diversification from equity markets. To maximize return, we invest with managers that buy and improve properties through refurbishing, repositioning, or developing. Because real estate markets possess unique supply and demand characteristics requiring specialized knowledge, skills, and contacts, we invest with small private operators with focused strategies. We intend to increase our allocation to real estate toward 10% of our pool.

Resources

Similar to real estate, we expect that our resources strategy will provide an attractive long-term return with low correlation to equity markets. Our resource managers develop oil and gas, metals and minerals, and energy and power infrastructure. Resource strategies provide long-term investors with the valuable real option of accelerating production when market prices spike and slowing production as prices decline. We intend to increase our allocation to resources toward 10% of our pool.

Absolute Return

Our absolute return strategy generates wealth from idiosyncratic investments. As such, these returns should not be highly correlated with equity, credit or real estate market risk. We only invest with managers who we believe have the ability to preserve a portion of pool assets during severe equity market contractions. We consider this allocation opportunistic rather than necessary and permanent.

Credit

The objective of our credit strategy is to generate long-term appreciation from investments that provide greater capital preservation than equity investments because they are secured by high quality assets or backed by a senior claim on stable cash flows. Because credit investments have limited opportunity for capital appreciation in normal markets, we opportunistically invest during periods of distress.

Government Bonds and Cash

Our government bond portfolio is primarily a source of liquidity and secondarily a stable, diversifying complement to our large equity allocation. Our bond allocation is invested entirely in liquid developed market sovereign debt instruments and related derivatives. We target a 10% allocation to government bonds.

We normally invest about 5% to 10% of our pool in cash instruments. To fund short-term liquidity needs, we may borrow against our government bonds. In our investment report, we deduct the amount of short-term borrowing from the value of our cash to report a net cash position. We target an average net cash position of zero, though actual net cash fluctuates.

PRIVATE FUND COMMITMENTS

Our private fund investments and uncalled commitments to those private funds have received considerable attention over the past year. This discussion explains our targets for private funds, reviews our reaction to the turbulent events of the past year, and projects our future positions and commitments.

Four years ago, we set a long-term target of 35% of the endowment pool's assets to be invested in private funds. Given the volatility of capital market prices and the uncertain timing of calls/distributions to/from private funds, a 35% target implies an actual range of 25% to 45% invested in private funds. To achieve this target allocation requires an ongoing amount of uncalled commitments of about 25% of pool assets, which may vary in a range of 15% to 35%. Extensive recent modeling reconfirms the prudence of these targets and ranges.

During fiscal year 2007/2008, we anticipated exceptional future opportunities in distressed credit and increased our commitment to private funds by allocating 10% to private credit. By June of 2008, our uncalled commitments reached $2 billion (40% of the then $5.1 billion pool), in addition to the $1.7 billion (33%) already invested in private funds.

In September and October of 2008, the global financial crisis simultaneously reduced the value of the endowment pool and slowed the pace of distributions from private funds, causing concern about our elevated level of uncalled commitments. In response, we ceased making new commitments, transferred some existing commitments to other investors, negotiated reductions in fund sizes, and sold private fund positions. By June of 2009, these activities reduced uncalled commitments to $1.4 billion (35% of our now $4 billion pool), in addition to the $1.4 billion invested in private funds.

As our private managers call and invest the capital we have committed over the next several years, the amount invested in private funds will grow to about 45% of our pool's assets, and our uncalled commitments will decline toward 25%. Thereafter, the amount we have invested in private funds should remain within our 25% to 45% target range, and the amount of our uncalled commitments should remain within our 15% to 35% target range. On page 12, we display our commitments to private funds grouped by strategy.

LIQUIDITY REQUIREMENTS

One of the more important strategic decisions we make is how liquid to keep our pool. We expect that liquid securities, strategies and structures provide returns a few percentage points below that of illiquid alternatives. Liquidity is thus expensive. This discussion describes our liquidity needs and liquidity management practices.

We identify three primary liquidity requirements: withdrawals by the University and foundation investors, excess of calls over distributions from private funds, and the need to rebalance exposure following a market decline.

We calibrate the liquidity required for withdrawals based upon annual spending. Because we distribute spending semi-annually, we must have a minimum of 2.5% of the pool immediately liquid on those dates. Keeping 5% of the pool in liquid assets for one year's spending is appropriate.

As our private portfolio matures, we expect distributions will exceed calls, and private funds will become a net source of liquidity. Today however, we anticipate an uncomfortable period in which capital is called while we receive few distributions. We calibrate the liquidity required to fund calls from private funds in terms of calendar quarters of gross capital calls, assuming no distributions. Keeping 10% of the pool in liquid assets covers four quarters of expected gross calls. Because we react to lower than expected distributions by redeeming from funds with quarterly and annual lock-ups, we believe that keeping short-term liquidity for four quarters of calls with no distributions is sufficient.

We estimate that we would need 10% in liquid assets to rebalance our equity exposure following a worst case 50% market decline. Keeping more than 10% for rebalancing is unnecessary because 50% equity market declines happen so rarely. However, even 10% is wasteful because liquidity has a cost. Therefore, we keep 5% of the pool liquid to cover the vast majority of market declines of zero to 25%. Maintaining an additional 5% in liquid assets to cover market declines greater than 25% is not cost effective.

Combining these three liquidity requirements, we believe an appropriate target for liquidity is 20% of the pool invested in assets that are liquid within three months. We will build up a little more liquidity just before spending distributions and will have less after. We may increase liquidity in anticipation of improving market opportunities like credit distress, and we may become less liquid as our commitments to such strategies are invested.

Because our uncalled commitments to private funds are now near the top of the range we deem prudent, we presently have more liquidity than normal. On page 12, we display our unencumbered liquid investments grouped by manager category and time horizon.

PERFORMANCE

Our 21% loss in fiscal year 2009 was larger than the 19.6% loss of our policy benchmark. We started the year with an aggressive 73% allocation to equity strategies, a large commitment to private funds, and 6.5% in short-term borrowings. In reaction to the global liquidity crisis in September and October, we lowered our risk profile and raised cash. Because of our uncalled commitments to private funds, we chose not to use this cash to rebalance back into public equities as markets recovered this spring. Our performance for the year suffered as a result.

Despite the losses inflicted by the global financial crisis on our pool over the past year, our longer-term performance remains strong. In the five fiscal years since the creation of UVIMCO under its present governance structure and management, our pool has appreciated by an average annual return of 6.5%, far exceeding the policy benchmark return of 2.9%.

The table below presents the performance of our pool and its component strategies over this five-year period.

UVIMCO Asset Allocations and Investment Returns

	Allocations			Annual Returns					
	Policy	Jun-09	Jun-08	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	5 Years
Equity									
Public		17.1%	21.3%	(31.6)	(8.4)	44.4	23.8	26.7	7.3
Long/Short		24.5%	32.3%	(17.1)	17.8	23.8	9.9	13.3	8.5
Private		16.5%	19.6%	(35.5)	13.8	29.4	25.1	14.8	6.4
Total Equity		**58%**	**73%**	**(26.2)**	**8.3**	**31.4**	**16.9**	**16.9**	**7.5**
MSCI AC World Equity [(1)]	*60%*			*(28.9)*	*(8.8)*	*25.8*	*18.6*	*11.7*	*1.6*
Real Assets									
Real Estate		4.0%	5.2%	(45.4)	(11.9)	12.5	27.7	22.2	(3.3)
Resources		5.9%	5.0%	(23.5)	28.6	28.9	28.1	32.4	16.6
Total Real Assets		**10%**	**10%**	**(34.8)**	**3.6**	**22.1**	**29.9**	**27.1**	**6.4**
MSCI Real Estate [(2)]	*10%*			*(39.2)*	*(18.8)*	*21.2*	*23.0*	*32.8*	*(0.4)*
Fixed Income, Cash & AR									
Absolute Return		8.7%	8.1%	2.1	4.2	10.2	7.8	5.2	5.9
Credit		7.6%	4.8%	(10.8)	(6.9)	15.6	0.1	13.1	1.7
Government Bonds		10.4%	10.2%	15.2	6.8	6.3	1.7	6.4	7.2
Cash & Currencies		5.3%	-6.5%	27.0	(1.5)	5.4	3.7	2.3	6.9
Total FI, Cash & AR		**32%**	**17%**	**6.4**	**1.4**	**8.3**	**4.6**	**4.5**	**5.0**
Barclays Aggregate Bond [(3)]	*30%*			*6.6*	*6.0*	*5.5*	*(0.4)*	*7.5*	*5.0*
Total Pool		**100%**	**100%**	**(21.0)**	**5.9**	**25.2**	**14.6**	**14.3**	**6.5**
Policy Benchmark [(4)]	*100%*			*(19.6)*	*(5.3)*	*19.1*	*13.1*	*12.5*	*2.9*

[(1)] *MSCI All Country World Equity Index*

[(2)] *50% MSCI US Real Estate and 50% MSCI AC World Real Estate (prior to January 1995 100% FTSE NAREIT)*

[(3)] *50% Barclays U.S. Aggregate Bond and 50% Barclays Global Aggregate Bond Hedged (prior to January 1990 100% Barclays U.S. Aggregate Bond)*

[(4)] *Geometrically linked monthly average of 60% MSCI World Equity, 10% MSCI Real Estate, and 30% Barclays Aggregate Bond*

Over the past five years, our mix of active equity strategies produced an annualized return of 7.5%, nearly 6% in excess of the 1.6% return of the benchmark MSCI All Country World Index. In 2005, 2006, and 2007, our public and private equity strategies far surpassed our long/short strategy. In 2008, long/short provided the highest return and then declined by far less in fiscal year 2009. The total of our three equity strategies exceeded our global equity benchmark in four out of the past five years, including fiscal year 2009.

Our real asset strategies have produced a five year return of 6.4%, nearly 7% in excess of the 0.4% loss of the benchmark real estate index. While our real estate funds lost money over the five years, our resource funds produced the best returns of all our strategies by far. As in equities, strategy diversification reduces risk.

Our allocation to the lower returning but diversifying collection of cash, bond, credit, and absolute return strategies produced a five year return of 5%, matching the 5% return of the benchmark Barclays (formerly Lehman) Aggregate Bond index. Matching this high grade index is something of an accomplishment given that many credit and absolute return strategies have struggled over recent years.

To evaluate our performance, we also compare our returns to peers. The fiscal year ended June 2008 is the most recent year for which peer returns are available because universities with large endowments typically report returns in late September or October after completing their fiscal year-end audits.

As displayed on the table below, UVIMCO's returns for the periods ending June 2008 compare favorably with the broad TUCS universe of institutional investors and with other colleges and universities with endowments of greater than $1 billion.

UVIMCO Performance Compared to Peers

Periods Ending June 30, 2008	*1-Year*	*3-Years*	*5-Years*	*10-Years*	*20-Years*
UVIMCO Long-Term Pool	**5.9**	**15.0**	**14.4**	**14.0**	**13.8**
Policy Benchmark*	(5.3)	8.4	11.0	5.8	8.2
TUCS All Master Trust Median**	(4.4)	6.4	8.5	5.7	9.7
Cambridge C&U Endowments >$1B***	0.4	11.6	13.3	9.0	11.7

* Passive allocations of 60% global equity, 10% real estate, and 30% fixed income (credit & government) indices rebalanced monthly.

** Trust Universe Comparison Service (TUCS) reports performance of 1300 institutions representing $3 trillion in assets.

*** Cambridge Associates reports performance for 56 colleges and universities each with more than $1 billion in assets.

RISK & RETURN EXPECTATIONS

We determine the University's investment risk tolerance by balancing competing objectives of stable current spending and long-term growth. Low risk and return investments decrease the probability of significant near-term depreciation and a corresponding reduction in spending, but also decrease expected long-term growth. High risk and return investments raise the probability of a near-term decline in spending but also raise expected long-term growth.

We begin our process for setting return expectations by studying the long-term history of investment market returns. The U.S. equity market has provided a long-term average annual return of 9%. This historical return may be decomposed into three components: inflation, dividend yield and growth, and change in market valuation. Because inflation has averaged 2%, the real return has been 7%. Dividend yield and growth is relatively stable over the decades, providing a 5% real return. Over any particular decade the change in market valuation may be positive or negative. Over the long-term history of the U.S. equity market, change in market valuation has added 2% per year to the sum of dividends and growth, boosting total real return to 7% per year.

Looking forward, we observe today's dividend yield of 3% and estimate long-term real growth of 2%. Because we cannot reliably forecast future changes in valuation, we expect the equity market to provide a 5% annual real return.

Forecasting the real return on bonds and the inflation rate is simpler; both are transparently priced by the bond market. At this writing, long nominal government bonds are priced to yield 4%, long-term consumer price inflation is priced at 2%, and long-term inflation linked bonds are priced to provide an annual real return of 2%.

Combining these estimates, we expect a 5% real return for equities, 2% for bonds, and 4% for a traditional institutional portfolio comprised of a 70%/30% mix of stocks and bonds. Adding the market's estimate for long-term inflation of 2% per year, we expect a traditional institutional portfolio to provide an average annual return of 6%.

Over recent decades, large university endowments have achieved returns approximately 3% per year above a traditional institutional portfolio comprised of a 70%/30% mix of stocks and bonds. Assuming this 3% value added is achieved in the future, large university endowments may be expected to achieve average annual returns of 9%.

Our 9% expected return is the estimated central tendency of a wide distribution of future annual returns. History indicates a standard deviation of this return distribution of about 10%. Thus, in two of three years we expect the pool's return to be between -1% and 19%, and in one of twenty years to be below -11% or above 29%. Because investment return distributions have fat tails, these outlier returns may be far below an 11% loss or above a 29% gain. We have insufficient historical instances of these outliers to estimate them with any confidence.

Fortunately for perpetual investors like university endowments, dispersion of annualized returns narrows with time. The standard deviation of annualized ten-year returns is about 3%. Thus, we expect the pool's annualized ten-year return to be between 6% and 12% in two of three decades and between 3% and 15% in nineteen of twenty decades.

CULTURE

We place the interests of the University above our own. We value integrity, reliability, openness, and candor. We operate as a team. We nurture collaborative working relationships with our colleagues and help each other achieve their best. We are intellectually curious and dedicated to continuous improvement.

PHILOSOPHY

We follow a fundamental value investment philosophy with an emphasis on long-term returns and alignment of interests. We observe that market prices for investment securities sometimes deviate materially from reasonable estimates of their intrinsic value. Because such mispricing often persists and grows for long periods, we recognize that consistently exceeding the return of investment markets over short-term periods is unlikely. Nonetheless, we are convinced that a fundamental value discipline provides the opportunity for superior long-term returns.

Enabled by the University's perpetual time horizon, we form lasting partnerships with exceptional fundamental investors. Just as we value our own integrity, we never compromise on our partners' integrity, including the fiduciary practice of placing clients' interests first. Ownership, fees, terms, and asset size are important signals of such fiduciary responsibility.

ORGANIZATION

The University of Virginia Investment Management Company (UVIMCO) provides investment management services to the Rector and Visitors of the University of Virginia and its related foundations. The University of Virginia endowment, managed by UVIMCO, is the University's source of sustainable private support for instruction, service, and research. The University's endowment consistently ranks among the five largest endowments of public institutions and among the thirty largest of all colleges and universities in the nation. Equally important, the endowment per student has consistently ranked among the largest in the nation for a public university.

UVIMCO is governed by a board of directors who elects its own members, except three who are appointed by the Board of Visitors and one who is appointed by the University's President. Our board is presently comprised of ten members who meet four times a year to discuss investment strategy, set asset allocation policy, and monitor performance. Biographical sketches of our board members are available on the UVIMCO website.

Daily investment management is delegated to UVIMCO's full time staff, supervised by the Chief Executive Officer (CEO). In addition to the CEO, we presently employ five senior investment directors, five investment analysts, a General Counsel, a Chief Operating Officer, and twelve operations and administration staff. Biographical sketches of our staff members are available on the UVIMCO website.

UNIVERSITY of VIRGINIA

Investment Management Company

Investment Report

June 30, 2009

Investment Activity

	Month	FY to Date 2009[1]
Beginning Net Asset Value (NAV)	$4,007,575,487.50	$5,100,524,382.81
Beginning Shares	1,001,878.17	1,006,086.28
NAV Per Share at Beginning of Period	$4,000.06	$5,069.67
+ Contributions	$2,516,452.14	$180,955,213.21
- Redemptions	($55,422,691.99)	($211,252,341.57)
+ Investment Return	$5,649,087.31	($1,098,581,112.44)
- UVIMCO Fees	($667,929.25)	($11,995,736.30)
Ending Net Asset Value (NAV)	$3,959,650,405.71	$3,959,650,405.71
Ending Shares	988,503.69	988,503.69
NAV Per Share at End of Period	$4,005.70	$4,005.70

Shareholder Summary

	Long-Term Pool	% of NAV
University of Virginia Endowment	$2,471,618,721.94	62.4%
Affiliated Organizations	$869,809,952.06	22.0%
University Operating Funds	$618,221,731.71	15.6%
Total	$3,959,650,405.71	100.0%

Performance

	Market Value[2]		Time-Weighted Returns			Annualized			
	$ Millions	%	MO	CYTD	FYTD	3 YR	5 YR	10 YR	20 YR
Public Equity	676	17.1	1.0	17.0	(31.6)	(3.3)	7.3	5.6	10.5
Long / Short Equity	971	24.5	(0.4)	2.8	(17.1)	6.5	8.5	11.3	--
Private Equity	653	16.5	1.4	10.3	(35.5)	(1.7)	6.4	14.8	18.7
Real Estate	158	4.0	(17.2)	(28.7)	(45.4)	(18.5)	(3.3)	(0.8)	--
Resources	232	5.9	0.1	(3.5)	(23.5)	8.2	16.6	19.6	--
Absolute Return	346	8.7	3.1	17.2	2.1	5.5	5.9	5.4	--
Credit	300	7.6	2.0	17.4	(10.8)	(1.4)	1.7	5.7	--
Government Bonds	411	10.4	2.5	4.9	15.2	9.4	7.2	8.1	8.4
Cash & Currency	212	5.3	(0.5)	(0.4)	27.0	9.6	6.9	--	--
Short-Term Borrowing	0	0.0	0.1	0.3	1.2	--	--	--	--
Total Pool	**3,960**	**100.0**	**0.1**	**6.3**	**(21.0)**	**1.6**	**6.5**	**9.5**	**11.6**
MSCI All Country World Equity[3]		60.0	(0.5)	9.6	(28.9)	(6.5)	1.6	0.2	5.8
MSCI Real Estate[4]		10.0	(1.7)	(1.9)	(39.2)	(15.7)	(0.4)	3.8	6.1
Barclays Aggregate Bond[5]		30.0	0.7	1.7	6.6	6.0	5.0	5.7	7.0
Policy Benchmark[6]		**100.0**	**(0.3)**	**6.7**	**(19.6)**	**(3.2)**	**2.9**	**2.6**	**6.6**

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Investment Report
June 30, 2009

Commitments[7]

($ in Millions)	Commitment	Drawn Down	Uncalled
Public Equity	124	82	41
Long / Short Equity	-	-	-
Private Equity	1,409	838	579
Real Estate	750	249	503
Resources	502	310	210
Absolute Return	-	-	-
Credit	188	101	89
Government Bonds	-	-	-
Total	**2,972**	**1,580**	**1,422**

Short-Term Liquidity[8]

($ in Millions)	Weekly	Monthly	Quarterly	Total	% of NAV
Public Equity	81	109	166	355	9%
Long / Short Equity	48	-	59	107	3%
Government Bonds	411	-	-	411	10%
Cash	207	-	-	207	5%
Receivables (Payables)	(33)	13	(25)	(46)	(1)%
Available Borrowing	84	-	-	84	2%
Total	**797**	**122**	**200**	**1,118**	**28%**
Cumulative Total	**797**	**918**	**1,118**		
% of Net Asset Value	**20%**	**23%**	**28%**		

Market and Currency Exposure Estimates[9]

	Policy Range	Actual Exposure	North America	Europe	Asia	LAMA[10]
Equity	*40 - 70*	**43.7**	27.7	6.7	4.7	4.6
Real Assets	*5 - 20*	**10.8**	9.4	0.5	0.7	0.3
Credit	*0 - 20*	**8.7**	7.8	0.5	0.3	0.2
Government Bonds	*5 - 20*	**10.4**	10.4	--	--	--
Market Exposure	*70 - 100*	**73.6**	**55.2**	**7.7**	**5.7**	**5.1**
Policy Ranges	--	--	*25 - 75*	*10 - 40*	*10 - 40*	*0 - 20*
Cash & Currency	*0 - 30*	**26.4**	26.2	0.2	--	--
Currency Exposure	--	**100.0**	**81.4**	**7.9**	**5.7**	**5.1**
Policy Ranges	--	--	*50 - 100*	*0 - 30*	*0 - 30*	*0 - 20*

Endnotes

(1) UVIMCO's fiscal year runs from July 1 through June 30.

(2) In accordance with UVIMCO's valuation policy, investments in Private Equity, Private Real Estate, and Resources are valued at estimated fair market value.

(3) The Equity component of our Fiscal Year 2009 policy portfolio is comprised of 100% MSCI AC World.

(4) The Real Estate component of our Fiscal Year 2009 policy portfolio is comprised of 50% MSCI US Real Estate and 50% MSCI AC World Real Estate. Prior to January 1995, the benchmark is comprised of 100% FTSE NAREIT.

(5) The Fixed Income component of our Fiscal Year 2009 policy portfolio and is comprised of 50% Barclays U.S. Aggregate Bond and 50% Barclays Global Aggregate Bond (Hedged). Prior to January 1990, the benchmark is comprised of 100% Barclays U.S. Aggregate Bond.

(6) The Policy Benchmark is the geometrically linked monthly average of the underlying asset classes' benchmarks, weighted by the Fiscal Year 2009 policy target allocations: 60% Equity, 10% Real Assets, 30% Fixed Income.

(7) Outstanding commitments to draw-down structured funds. Drawn Down represents all capital sent to manager, including management fees. Uncalled represents outstanding obligation to each fund and may not equal the difference between the Commitment and Drawn Down amounts.

(8) Securities and funds that may be readily sold for cash within the designated time periods. Excludes the periodic redemption opportunity of funds with lock-up periods greater than one quarter.

(9) Market and currency exposures are estimated by looking through managers and funds to the underlying security positions. Policy ranges express the expected variation in asset class, regional, and currency exposures during normal market circumstances.

(10) Latin America, Middle East, and Africa.